FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.9.2010

Washington Post: "Citigroup executives apologize for not averting financial crisis ... Two top Citigroup executives who guided the bank along its disastrous path toward massive losses and multiple government bailouts expressed regret Thursday during testimony before a panel investigating the financial crisis."

Washington Post, Op-Ed: "Let traders call the next bubble ... There is a reason private traders beat public servants when it comes to anticipating crashes, and it points to the difference between a good reform package and a missed opportunity."

New York Times: "China Seems Set to Loosen Hold on Its Currency ... The Chinese government is preparing to announce in the coming days that it will allow its currency to strengthen slightly and vary more from day to day, people with knowledge of the emerging consensus in Beijing said on Thursday. The move would help ease tension with the Obama administration about the United States' huge trade deficit with China."

New York Times: "Bernanke, Pointing to 1930s, Credits Fed's Actions for Avoiding a Worse Downturn ... In an address here at the Center for the Study of the Presidency and Congress, Mr. Bernanke drew comparisons between the financial crisis of 2008 and the financial collapse of the 1930s with greater precision than he had in the past."

Wall Street Journal: "Big Banks Mask Risk Levels ... Major banks have masked their risk levels in the past five quarters by temporarily lowering their debt just before reporting it to the public, according to data from the Federal Reserve Bank of New York."

Los Angeles Times: "Greenspan defends Fed's handling of subprime mortgage market ... While admitting mistakes, he warns a panel examining the 2008 financial meltdown that regulators can't predict crises. Institutions must be required to hold more capital and collateral, he says."

Time, Q&A: "FDIC's Sheila Bair on Bank Failures and Too-Big-To-Fail ... The recession and crippling credit crisis of the past two years took down some of the biggest names on Wall Street, led to the collapse of huge financial institutions and put political careers in jeopardy. But one person whose reputation has flourished in all of this mess is Sheila Bair, chairman of the Federal Deposit Insurance Corp. the nation's insurance backstop for bank deposits."

Time: "'Too Big To Fail': Still a Problem Too Big to Solve? ... Too big to fail, it appears, may be too big to solve. Connecticut Senator Christopher Dodd's recently proposed financial reform bill creates a team of regulators with the authority to shut down troubled institutions. It calls for capital and liquidity requirements. It requires banks to fund a $50 billion bailout fund, as well as draft so-called living wills - detailed plans drawn up in advance of how the firms should be shut down if they run into trouble. Yet, policy experts and economists from both ends of the political spectrum say the bill does little to end the problem of banks becoming so big that the government is forced to bail them out when they stumble."

The Economist: "Greece's deepening debt crisis ... On April 6th, just three days after the Greek prime minister claimed "the worst is over," the yield on Greek ten-year government bonds leapt from 6.5% to above 7%. Yields remain at alarming levels, rising above 7.5% at one point on April 8th. The president of the European Central Bank, Jean-Claude Trichet, told a press conference that "default is not an issue for Greece." But the D-word is increasingly on the lips of analysts."

Bloomberg: "Fannie Mae Was Felled by Flawed Business Model, Regulators Say ... Fannie Mae, the government-backed mortgage company under conservatorship, was toppled by conflict between its mission to foster homeownership and profit demand it faced as a publicly traded company, former regulators said."